



Company Flash Note

Reason: Estimates revision

28 June 2018

Buy

Recommendation unchanged

Share price: EUR 9.50

closing price as of 27/06/2018

Target price: EUR 14.50

Target Price unchanged

Upside/Downside Potential 52.6%

Reuters/Bloomberg 4DSG.DE/4DS GR

Market capitalisation (EURm) 57

Current N° of shares (m) 6

Free float 41%

Daily avg. no. trad. sh. 12 mth 3

Daily avg. trad. vol. 12 mth (m) 5.81

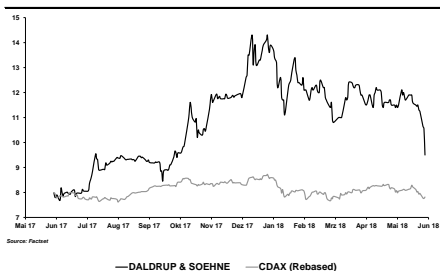
Price high/low 12 months 7.68 / 14.30

Abs Perfs 1/3/12 mths (%) -17.39/-18.10/18.97

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	31	37	51
EBITDA (m)	4	5	7
EBITDA margin	12.6%	12.7%	14.4%
EBIT (m)	1	1	4
EBIT margin	3.2%	3.1%	8.6%
Net Profit (adj.)(m)	0	0	2
ROCE	1.8%	2.1%	8.3%
Net debt/(cash) (m)	28	18	30
Net Debt/Equity	0.6	0.4	0.5
Net Debt/EBITDA	7.1	4.0	4.0
Int. cover(EBITDA/Fin.int)	0.7	4.1	3.1
EV/Sales	2.3	2.5	1.7
EV/EBITDA	18.1	19.4	11.8
EV/EBITDA (adj.)	18.1	19.4	11.8
EV/EBIT	70.9	78.3	19.7
P/E (adj.)	nm	nm	33.7
P/BV	0.9	1.5	1.1
Op/FCF yield	5.2%	13.0%	13.1%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.07	0.02	0.28
BVPS	8.39	7.69	9.04
DPS	0.00	0.00	0.00

Shareholders

DALDRUP Family 59%;

**Analyst(s)**

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Power plants will start to contribute to the EBIT

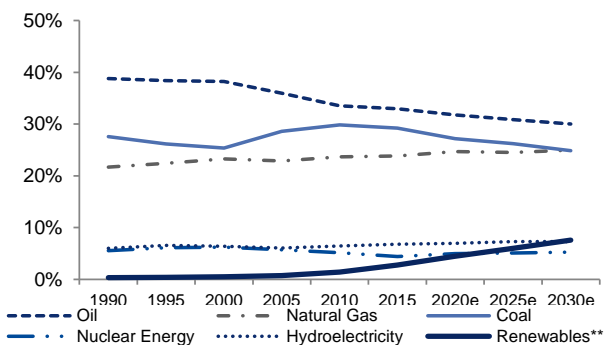
In FY 2017 Daldrup reached several important milestones in its geothermal power plant projects. The current year will mark the start of the regular electricity production for both the Taufkirchen and Landau power plant and Daldrup can harvest first fruits. Taken into account Daldrup's new 2018e financial guidance, we have reduced both our top-line (Total Operating Output (TOO) -22%) and EBIT (-55%) estimates. But the long-term trend for higher EBIT-margins is still intact in our view. We have reduced our TP to rounded EUR 13.50 from EUR 14.50 (-6.9%) and confirm our "BUY"-rating.

- ✓ **Taufkirchen up and running in H2 2018:** For the Taufkirchen power plant the test run for electricity production started in Q1 2018. During H2 2018 the installation of a second heat exchanger is planned and thereafter regular electricity production will start. For the current year we estimate a TOO of EUR 4.0m, while the EBIT should reach EUR 1.0m. From 2019e onwards we expect a full-year TOO and EBIT contribution.
- ✓ **Landau plant on track:** The plant mainly will produce electricity and is clearly smaller with regard to its power. The test run started in October 2017 and the switch to regular electricity production is also planned during the second half of 2018. For Landau we estimate a TOO of EUR 1.1m and an EBIT of close to break-even. By using the full capacity, the TOO will reach EUR 3.1m and the EBIT is estimated at EUR 0.8m according to our calculation.
- ✓ **Guidance 2018e with first contributions from power plants:** TOO 2018e is planned to reach ~EUR 40m and compares to our forecast of EUR 42.0m. Taufkirchen and Landau should contribute EUR 5.0m to the group's figure. The EBIT-margin again should reach a corridor between 2-5% and compares to our estimate of 4.8% (based on TOO). EUR 1.0m should be generated from the two power plants according to the company and we estimate that both Taufkirchen and Landau (only marginally) will contribute to the group's EBIT. The capital increase from February this year with gross proceeds of EUR 6.4m will be used for the development of further planned new power plants at for example in Neuried and Puchheim (both in Germany) in our view.
- ✓ **TP reduced to EUR 13.50 from EUR 14.50:** Mainly based on our reduced estimates for FY 2018e and FY 2019e our new target price came out at rounded EUR 13.50 (-6.9%) Based on our DCF-model the drilling business will contribute EUR 6.05 or 45% to our target price. The Taufkirchen power plant will contribute EUR 5.23 (39% of TP) and Landau will contribute EUR 2.23 (16% of TP) according to our assessment.
- ✓ **Key risks** comprise e.g. 1) General unexpected risks of the drilling project business could lead to delays, cost overruns or other burdening factors. 2) Governments could tighten the already detailed and long-lasting approval procedures for geothermal projects. 3) Regulatory changes in Germany within the EEG could make geothermal energy projects less commercially viable as it is today and thus could have a negative impact on new project activities.



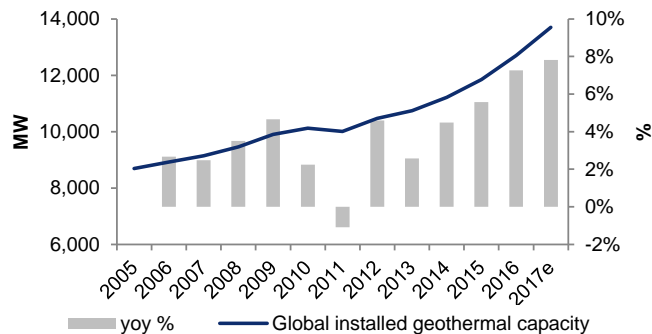
Investment Case in Charts

Exhibit 1: Renewables will gain in importance



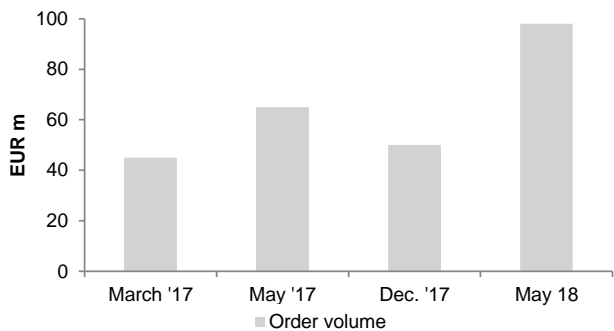
Source: BP – Energy report 2017

Exhibit 2: Geothermal energy capacity is growing



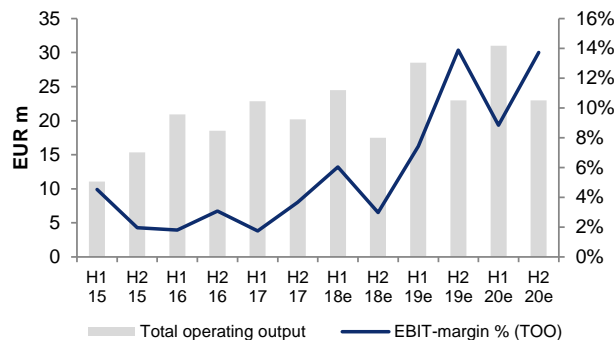
Source: Intl. Renewables Energy Agency (IRENA)

Exhibit 3: Daldrup's order book remains on high level



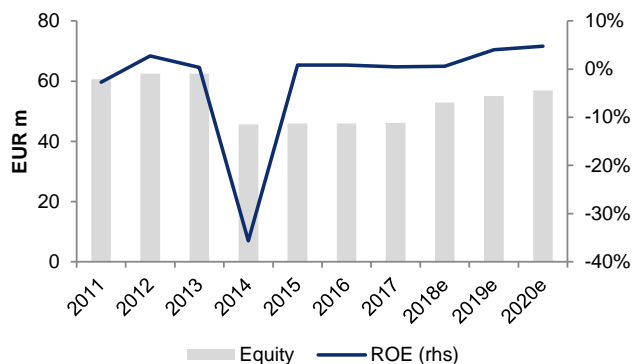
Source: Company data, equinet research

Exhibit 4: EBIT-margin is improving



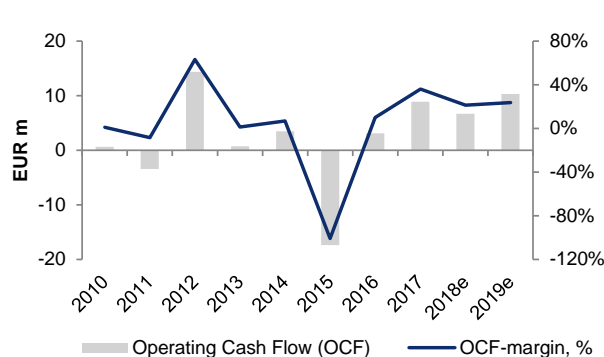
Source: Company data, equinet research

Exhibit 5: Daldrup with solid equity ratio



Source: Company data, equinet research

Exhibit 6: OCF is expected to become less volatile



Source: Company data, equinet research



Overview and changes

In FY 2017 Daldrup reached several important milestones with regard to the geothermal power plant projects. FY 2018e will be the first year with contributions from these power plants for the total operating output (TOO) and the EBIT. This is reflected in Daldrup's guidance for FY 2018e: The Group's TOO should reach ~EUR 40m and thereof EUR 5m should be generated by the power plants Taufkirchen and Landau. Daldrup wants to reach an EBIT-margin of 2-5% and in addition it was communicated that in absolute terms EUR 1m should be generated by the two power plants in operation.

Exhibit 7: Daldrup: Power plant projects at a glance

Geothermal Power Plant	Share of Daldrup (group level), %	Power	Total capex (EUR m)	Current status	Comments
Taufkirchen	55.21	Thermal: 35.0 MW	69.0	Test run for electricity production has started Sale of district heating since 2015	25.01.2018: Daldrup acquires 35% stake from Axpo Power AG; regular production planned in H2 '18
		Electricity: 4.3 MW			
Landau	67.51	Thermal: 7.0 MW	21.0	Test run since Oct '17 (electricity)	Feb. 2018: Daldrup reached settlement with Pfalzwerke; regular production planned in the course of 2018
		Electricity: 3.6 MW			
Neuried	75.00 2)	Thermal: 1.95 MW	40.0	Drill permit expected until year-end '18	Construction period for power plant approximately two years
Puchheim	80.00 2)	Thermal: 4.5 MW	15.0	Project in very early stage	Existing delivery contract with Bayernwerk Natur

1) Status as of June 2018; 2) Planned share of Daldrup; total capex is prelim. number (equinet estimates)

Source: Company data, equinet research

Concerning Taufkirchen the test run for electricity production started in the first quarter 2018. During the second half the installation of a second heat exchanger is on the agenda and thereafter regular electricity production is planned. According to the company, it might be possible in the mid to long-term to expand the output by two further boreholes, what is not yet included in our projections.

The Landau power plant is completely different to Taufkirchen, because it mainly will produce electricity and is smaller in its technical capacity and its underlying power technology (ORC). The test run started in October 2017 and up to now is satisfying as the plant is already running at full technological capacity. It is also planned to switch into the regular production in the course of the second half of 2018 which is just one more formal step.

The other two projects in Neuried and Puchheim are both in an early stage and Daldrup works on several approval procedures with German authorities.



Exhibit 8: Daldrup: Power plant projects at a glance

	2018e			2019e			2020e		
	Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Total Operating output	53.5	42.0	-21.5%	60.5	51.5	-14.9%	66.5	54.0	-18.8%
Revenues	51.4	31.4	-38.9%	58.7	43.6	-25.7%	63.5	48.1	-24.3%
EBIT	4.4	2.0	-54.5%	5.9	5.3	-10.0%	7.1	5.9	-16.9%
EPS, EUR	0.28	0.05	-81.2%	0.45	0.37	-18.2%	0.60	0.45	-24.6%

Source: Company data, equinet research

Group results for FY 2017 came out below our own estimates. We were wrong with regard to the difference between sales and TOO, because some larger drilling projects were not billed as expected until the balance sheet date end of the year. Reported TOO reached EUR 43m and compares to our estimate of EUR 40.5m. Reported group sales reached only EUR 24.8m (difference to TOO of EUR 18.3m) and compare to our estimate of EUR 36.7m. In contrast and more important the reported EBIT of EUR 1.1m was in line with our forecast of EUR 1.15m.

For the current year 2018e Daldrup plans to reach a TOO of ~EUR 40.0m, while we are estimating EUR 42.0m. It was already indicated by the company that again there will be a large gap between TOO and revenues due to some large projects, which will probably not be billed end of FY2018e. Therefore we have adjusted our projections, as can be seen in Exhibit 8. The new TOO guidance includes a contribution of ~EUR 5.0m from the two power plants in operation. In connection with our new, reduced topline estimate our new EBIT forecast amounted to EUR 2.0m (from EUR 4.4m) and equals to an EBIT-margin of 4.8% (related to TOO), what is at the upper end of the projected corridor of 2%-5%.

Valuation update and investment case

- New TP reduced to EUR 13.50 from EUR 14.50 per share
- Recommendation confirmed with "Buy"
- Power plants will contribute 55% to the estimated TP

Exhibit 9: Daldrup: DCF-valuation summary

Activity (EUR m)	Enterprise value 100%	Equity value Daldrup shareholding	Value per Daldrup share, EUR
Drilling business *	44.8	36.2	6.05
Geothermal power plants			
Taufkirchen	81.8	41.8	5.23
Landau (Pfalz)	21.6	17.8	2.23
Daldrup & Söhne Group	148.2	95.9	13.52
Current Price (€)			10.55
Upside			28.1%

* Geothermal Energy, EDS, Raw Materials & Exploration, Water Procurement

Source: equinet research



We continue in our valuation methodology and make individual projections for the drilling business and the two power plants in Taufkirchen and Landau.

Mainly based on our significant revision for FY 2018e our new target price came out at rounded EUR 13.50 from EUR 14.50 (-6.9%) and takes into account the new project status. The individual contributions compare to our last estimates as follows:

- Drilling business: EUR 6.05 from EUR 6.65
- Taufkirchen: EUR 5.23 from EUR 5.54
- Landau (Pfalz): EUR 2.23 from EUR 2.28.

The overall investment case has not changed in our view. Daldrup will continue its strategic shift to move from being a specialist geothermal drilling company, what will be maintained, towards a mid-sized geothermal energy supplier. Daldrup will continue to cover the full value-added chain from first feasibility studies up to complete turnkey projects including energy supply. Uncertainties with regard to project billing at year-end will stay.

Exhibit 10: Daldrup: DCF-model: Drilling business

EUR m	Phase I					Phase II					Phase III	
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e		
Total operating output	36.9	40.4	42.3	43.8	46.2	48.4	50.5	52.4	54.0	55.4		
growth rate	-14.2%	9.3%	4.7%	3.5%	5.4%	4.9%	4.3%	3.7%	3.1%	2.6%		
EBIT	1.0	1.7	1.8	2.3	2.6	2.9	3.2	3.5	3.9	4.2		
EBIT margin	2.7%	4.2%	4.3%	5.3%	5.6%	6.0%	6.4%	6.8%	7.1%	7.5%		
Tax	-0.3	-0.5	-0.5	-0.7	-0.8	-0.9	-1.0	-1.1	-1.2	-1.2		
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%		
Depr. & Amort.	3.5	3.5	3.6	3.5	3.5	2.3	1.7	1.4	1.2	1.1		
% of sales	9.5%	8.6%	8.5%	8.0%	7.6%	4.8%	3.3%	2.6%	2.3%	1.9%		
Capex	-1.7	-1.4	-1.4	-2.1	-1.4	-1.2	-1.1	-1.1	-1.1	-1.1		
% of sales	4.7%	3.6%	3.3%	4.7%	2.9%	2.5%	2.2%	2.1%	2.1%	2.0%		
Change in WC & P	-0.2	0.1	0.3	0.0	0.2	0.2	0.2	0.2	0.2	0.2		
% of sales	0.5%	-0.1%	-0.7%	-0.1%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%		
Free Cash Flow	2.3	3.3	3.8	3.1	4.2	3.3	3.0	3.0	3.0	3.1	49.2	
growth rate	nm	44.1%	14.0%	-17.3%	33.9%	-19.8%	-9.7%	-2.1%	2.5%	1.9%	2.0%	
Present Value FCF	2.2	2.9	3.1	2.3	2.9	2.1	1.8	1.6	1.5	1.4	22.9	
PV Phase I		13.4				Risk free rate	3.50%	Targ. equity ratio			75%	
PV Phase II		8.5				Premium Equity	5.00%	Beta			1.3	
PV Phase III		22.9				Premium Debt	2.00%	WACC			8.39%	
Enterprise value		44.8				Sensitivity		Growth in phase III				
- Net Debt (Cash)		26.3						1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions		0.9				7.55%		6.3	6.7	7.1	7.6	8.2
- Minorities & Peripherals		-0.1				7.97%		5.9	6.2	6.5	6.9	7.4
+ MV of financial assets		18.6				WACC	8.39%	5.5	5.8	6.1	6.4	6.8
- Paid-out dividends for last FY		0.0				8.81%		5.2	5.4	5.6	5.9	6.3
+/- Other EV items						9.23%		4.8	5.0	5.2	5.5	5.8
Equity value		36.2										
Number of shares		5.990										
Value per share (€)		6.05										

Source: equinet research

The drilling business will continue to benefit from strong demand from relevant European markets. End of May 2018 the order book amounted to EUR 49.1m while the potential order



pipeline (probability weighted) amounted to EUR 98m (see Exhibit 3) and marks a new record level. Orders came from important customers in Bavaria, Germany or from Belgium and The Netherlands.

Nevertheless, growth in the drilling business is limited as drilling rigs and crews are fully utilized already. Revenues and earnings growth will mainly be fueled by a growing number of geothermal heat and power plants.

We calculate an equity value of EUR 36.2m or EUR 6.05 per share. That represents 45% of our total target price.

Exhibit 11: DCF-model: Power plant Taufkirchen

EUR m	Phase I					Phase II					Phase III
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2026-2037e	2038e
Total operating output	4.0	8.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	94.0	5.4
growth rate		102.7%	6.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		-37.1%
EBIT	1.0	2.9	3.3	3.3	3.3	3.3	3.3	3.3	3.3	37.8	2.6
EBIT margin	25.4%	36.3%	39.0%	38.9%	38.9%	38.9%	38.9%	38.8%	38.8%		39.9%
Tax	-0.1	-0.1	-0.2	-0.2	-0.2	-0.9	-0.9	-0.9	-0.9	-10.1	-0.7
Tax rate	5.0%	5.0%	5.0%	5.0%	5.0%	26.7%	26.7%	26.7%	26.7%		26.7%
Depr. & Amort.	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	23.7	1.5
% of sales	58.2%	28.7%	26.9%	26.9%	26.9%	26.9%	26.9%	26.9%	26.9%		27.9%
Capex	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.1	-0.1
% of sales	2.5%	12%	12%	12%	12%	12%	12%	12%	12%		19%
Change in WC & P	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Free Cash Flow	3.2	3.1	5.4	5.4	5.4	4.6	4.6	4.6	4.6	50.3	3.3
growth rate	0.0%	0.0%	75.4%	-0.1%	-0.1%	-13.5%	0.0%	0.0%	0.0%		-26.7%
Present Value FCF	3.1	2.8	4.7	4.5	4.3	3.5	3.4	3.2	3.0	24.9	1.2
PV Phase I		19.4				Risk free rate	3.50%			Targ. equity ratio	60%
PV Phase II		39.2				Premium Equity	5.00%			Beta	0.5
PV Phase III		23.1				Premium Debt	2.00%			WACC	5.1%
Enterprise value		81.8									
- Net Debt (Cash)		25.0									
- Pension Provisions		0.0									
- Minorities & Peripherals		15.0									
+ MV of financial assets		0.0									
- Paid-out dividends for last FY		0.0									
+/- Other EV items		0.0									
Equity value		41.8									
Number of shares		5.990									
Value per share (€)		6.98									
Minorities (Geysir E 25%)		1.74									
Value per share (€) group level		5.23									

Source: equinet research

Based on Daldrup's new guidance for FY 2018e (EUR 5.0m contribution to TOO from power plants) we have allocated EUR 4.0m to the Taufkirchen plant compared to EUR 7.1m in our last update. The EBIT contribution of EUR 1.0m from power plants to the group's EBIT is purely allocated to Taufkirchen. From 2019e onwards we assume that electrical and thermal power is fully available.

Our equity value amounted to EUR 41.8m or EUR 5.23 (from EUR 5.54) per share. That represents 39% of our target price. In our calculation we use an individual tax rate of 26.7% from 2023e onwards, including corporation tax, solidarity tax and trade tax. For the first five years of operation we assume the company is able to use tax losses carried forward.


Exhibit 12: DCF-model: Power plant Landau (Pfalz)

EUR m	Phase I					Phase II					Phase III
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2026-2037e	
Total operating output	1.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	34.6	0.9
growth rate	0.0%	180.7%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		-715%
EBIT	0.0	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	8.2	0.5
EBIT margin		22.8%	24.3%	24.3%	24.3%	24.2%	24.2%	24.1%	24.1%		58.8%
Tax	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-2.5	-0.2
Tax rate	10.0%	10.0%	10.0%	10.0%	10.0%	30.0%	30.0%	30.0%	30.0%		30.0%
Depr. & Amort.	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	11.0	0.1
% of sales	91.0%	32.4%	31.8%	31.8%	31.8%	31.8%	31.8%	31.8%	31.8%		11.2%
Capex	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.6	-0.1
% of sales	4.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%		5.6%
Change in WC & P	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%
Free Cash Flow	0.9	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.5	16.2	0.4
growth rate	0.0%	66.9%	3.6%	-0.1%	-0.1%	-9.4%	-0.1%	-0.1%	-0.1%		-715%
Present Value FCF	0.9	1.5	1.4	1.4	1.3	1.1	1.1	1.0	1.0	7.9	0.1
PV Phase I		6.5				Risk free rate	3.50%		Targ. equity ratio		60.00%
PV Phase II		12.3				Premium Equity	5.00%		Beta		0.5
PV Phase III		2.8				Premium Debt	2.00%		WACC		5.1%
Enterprise value		21.6									
- Net Debt (Cash)		1.8									
- Pension Provisions		0.0									
- Minorities & Peripherals		2.0									
+ MV of financial assets		0.0									
- Paid-out dividends for last FY		0.0									
+/- Other EV items		0.0									
Equity value		17.8									
Number of shares		5.990									
Value per share (€)		2.98									
Minorities (Geysir E. 25%)		0.74									
Value per share (€) group level		2.23									

Source: equinet research

We use the same systematic approach and input parameters for the power plant in Landau (Pfalz). Due to the switch from test run to regular production later than expected we have reduced the TOO 2018e to EUR 1.1m from EUR 3.0m. The EBIT contribution is close to zero, while from 2019e onwards we estimate positive EBIT results.

The value per share amounted to EUR 2.23 from EUR 2.28 and represented 16% of the group's target price.



Appendix

Basic data for the two geothermal power plants Taufkirchen and Landau (Pfalz) have not changed. The third project in Neuried is still in an early stage and we continue to classify the project as a claim.

Exhibit 13: Basic data Taufkirchen plant

Geothermal power plant:	Taufkirchen
Shareholding Daldrup:	73.61% *
Technology:	Kalina technology
Temperature:	Approx. 140° Celsius; depth: > 4,000 meters
Customers:	local district heating network operators; EEG**-plant
Energy selling:	21,000 MWh electricity; 61,000 MWh district heating
Feed-in tariff (fixed), electricity:	EUR 0.252 per kWh (\$45 (1) EEG)

* held by Geysir Europe GmbH

** EEG = Erneuerbare Energien Gesetz

Source: Company data, equinet research

Exhibit 14: Projections for the Taufkirchen plant

EUR m	2018e	2019e	2020e	2021e	...	2036e	2037e
Revenues electricity	2.17	6.09	6.62	6.62		6.62	6.62
Revenues district heating	1.78	1.93	1.93	1.93		1.93	1.93
Revenues total: (1) + (2)	3.95	8.01	8.55	8.55		8.55	8.55
EBIT	1.00	2.91	3.33	3.33		3.48	3.48
Net profit (100%)	-0.28	1.53	1.93	1.92		1.60	1.60
EBIT-margin, %	25.4%	36.3%	39.0%	38.9%		40.8%	40.7%
Net margin, %	-7.1%	19.1%	22.6%	22.5%		18.7%	18.7%

Source: Company data, equinet research

Exhibit 15: Basic data Landau (Pfalz) plant

Geothermal power plant:	Landau (Pfalz)
Shareholding Daldrup:	90.00% * (geox GmbH)
Technology:	ORC-technology (from Ormat Tech. Inc.) **
Temperature:	Approx. 160° Celsius; depth: > 3,000 meters
Customers:	Municipal utilities: Electricity, district heating
Energy selling:	15,300 MWh electricity; 7,000 MWh district heating
Feed-in tariff (fixed), electricity:	EUR 0.205 per kWh (EEG***)

* held by Geysir Europe GmbH

** ORC = Organic Rankine Cycle

*** EEG = Erneuerbare Energien Gesetz

Source: Company data, equinet research



Exhibit 16: Projections for the Landau (Pfalz) plant

EUR m	2018e	2019e	2020e	2021e	...	2036e	2037e
Revenues electricity	0.94	2.92	2.98	2.98		2.98	2.98
Revenues district heating	0.16	0.17	0.17	0.17		0.17	0.17
Revenues total: (1) + (2)	1.10	3.08	3.15	3.15		3.15	3.15
EBIT	0.00	0.70	0.77	0.77		0.74	0.74
Net profit (100%)	-0.45	0.18	0.24	0.24		0.17	0.17
EBIT-margin, %	-0.1%	22.8%	24.3%	24.3%		23.6%	23.6%
Net margin, %	-41.1%	5.9%	7.6%	7.6%		5.4%	5.4%

Source: Company data, equinet research

**Daldrup & Soehne : Summary tables**

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Sales	52.3	17.3	31.1	36.7	51.4	58.7
Cost of Sales & Operating Costs	-57.1	-17.3	-27.2	-32.1	-44.0	-50.0
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-4.8	-0.1	3.9	4.7	7.4	8.7
EBITDA (adj.)*	-4.8	-0.1	3.9	4.7	7.4	8.7
Depreciation	-13.5	0.8	-2.9	-3.5	-3.0	-2.8
EBITA	-18.3	0.7	1.0	1.2	4.4	5.9
EBITA (adj)*	-18.3	0.7	1.0	1.2	4.4	5.9
Amortisations and Write Downs <i>of which PPA amortisation</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>
EBIT	-18.3	0.7	1.0	1.2	4.4	5.9
EBIT (adj.)*	-18.3	0.7	1.0	1.2	4.4	5.9
Net Financial Interest	-3.6	-4.7	-5.8	-1.1	-2.4	-1.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	3.0	4.0	5.0	0.0	0.1	0.4
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-18.9	0.0	0.2	0.0	2.2	4.4
Tax	-0.1	0.1	-0.1	0.0	-0.6	-1.3
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>32.1%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>
Discontinued Operations	3.0	4.0	5.0	0.0	0.0	0.0
Minorities	2.7	0.2	0.2	0.1	0.2	-0.3
Net Profit (reported)	-13.3	4.4	5.4	0.1	1.7	2.7
Net Profit (adj.)	-16.3	0.4	0.4	0.1	1.7	2.7
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	1.1	-7.0	3.1	11.2	9.2	9.1
Change in Net Working Capital	2.4	-10.4	0.0	-0.5	0.1	-0.8
Cash Flow from Operations	3.5	-17.4	3.1	10.6	9.3	8.4
Capex	-1.3	-0.6	-0.9	-1.5	-1.8	-1.8
Net Financial Investments	0.0	0.0	0.0	0.0	-25.0	0.0
Free Cash Flow	2.2	-18.0	2.2	9.2	-17.6	6.6
Dividends	-0.6	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	1.6	-18.0	2.2	9.2	-17.6	6.6
NOPLAT	-12.8	0.5	0.7	0.8	3.1	4.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Tangible Assets	28.9	26.5	24.6	22.7	21.6	20.6
Net Intangible Assets (incl. Goodwill)	2.7	2.0	1.3	1.2	1.2	1.1
Net Financial Assets & Other	24.4	22.7	21.9	21.9	46.9	46.9
Total Fixed Assets	55.9	51.3	47.9	45.8	69.7	68.7
Inventories	2.1	12.5	17.0	17.6	17.6	18.5
Trade receivables	6.5	5.7	4.9	5.1	5.1	5.3
Other current assets	10.0	16.2	20.9	20.0	20.0	20.0
Cash (-)	-4.5	-3.2	-0.8	-9.9	-22.2	-26.5
Total Current Assets	23.1	37.6	43.5	52.6	64.8	70.4
Total Assets	79.0	88.9	91.4	98.5	135	139
Shareholders Equity	45.6	45.9	45.9	46.0	54.1	56.8
Minority	0.8	0.5	0.1	0.0	-0.2	0.2
Total Equity	46.4	46.5	46.1	46.1	54.0	57.0
Long term interest bearing debt	8.4	20.4	16.4	15.4	37.8	34.5
Provisions	3.8	3.1	3.2	3.0	3.4	3.9
Other long term liabilities	4.7	3.1	4.1	11.0	15.4	18.2
Total Long Term Liabilities	16.9	26.6	23.6	29.4	56.6	56.6
Short term interest bearing debt	10.0	11.0	12.0	13.0	14.0	15.0
Trade payables	5.0	4.2	7.9	8.2	8.2	8.6
Other current liabilities	0.8	0.6	1.8	1.8	1.8	1.8
Total Current Liabilities	15.7	15.8	21.7	23.0	24.0	25.4
Total Liabilities and Shareholders' Equity	79.0	88.9	91.4	98.5	135	139
Net Capital Employed	68.7	80.9	80.9	78.5	102	102
Net Working Capital	3.6	14.0	14.0	14.5	14.5	15.3
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
<i>Sales growth</i>	<i>-14.0%</i>	<i>-67.0%</i>	<i>80.4%</i>	<i>17.9%</i>	<i>39.9%</i>	<i>14.2%</i>
EBITDA (adj.)* growth	n.m.	n.m.	n.m.	18.9%	59.1%	16.9%
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>42.9%</i>	<i>15.0%</i>	<i>285.0%</i>	<i>32.7%</i>
<i>EBIT (adj.)* growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>42.9%</i>	<i>15.0%</i>	<i>285.0%</i>	<i>32.7%</i>

**Daldrup & Soehne : Summary tables**

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Profit growth	n.m.	n.m.	2.3%	-70.1%	1382.4%	61.0%
EPS adj. growth	n.m.	n.m.	2.2%	-72.7%	1382.4%	61.0%
DPS adj. growth	n.m.					n.m.
EBITDA (adj)* margin	n.m.	n.m.	12.6%	12.7%	14.4%	14.7%
EBITA (adj)* margin	-35.0%	4.1%	3.2%	3.1%	8.6%	10.0%
EBIT (adj)* margin	n.m.	4.1%	3.2%	3.1%	8.6%	10.0%
RATIOS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Debt/Equity	0.3	0.6	0.6	0.4	0.5	0.4
Net Debt/EBITDA	-2.9	-458.2	7.1	4.0	4.0	2.7
Interest cover (EBITDA/Fin.interest)	n.m.	n.m.	0.7	4.1	3.1	4.6
Capex/D&A	9.5%	-80.7%	30.7%	41.9%	62.2%	63.4%
Capex/Sales	2.5%	3.6%	2.9%	4.0%	3.6%	3.0%
NWC/Sales	7.0%	81.1%	45.0%	39.6%	28.2%	26.0%
ROE (average)	-30.1%	0.8%	0.8%	0.2%	3.4%	4.9%
ROCE (adj.)	-36.4%	1.2%	1.8%	2.1%	8.3%	11.1%
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
ROCE (adj.)/WACC	-4.4	0.1	0.2	0.3	1.0	1.3
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Average diluted number of shares	5.4	5.4	5.4	6.0	6.0	6.0
EPS (reported)	-2.43	0.80	0.98	0.02	0.28	0.45
EPS (adj.)	-2.97	0.07	0.07	0.02	0.28	0.45
BVPS	8.34	8.40	8.39	7.69	9.04	9.49
DPS	0.00	0.00	0.00	0.00	0.00	0.15
VALUATION	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
EV/Sales	1.5	4.3	2.3	2.5	1.7	1.4
EV/EBITDA	n.m.	n.m.	18.1	19.4	11.8	9.4
EV/EBITDA (adj.)*	n.m.	n.m.	18.1	19.4	11.8	9.4
EV/EBITA	-4.4	106.6	70.9	78.3	19.7	13.8
EV/EBITA (adj.)*	-4.4	106.6	70.9	78.3	19.7	13.8
EV/EBIT	n.m.	n.m.	70.9	78.3	19.7	13.8
EV/EBIT (adj.)*	n.m.	n.m.	70.9	78.3	19.7	13.8
P/E (adj.)	n.m.	n.m.	n.m.	n.m.	33.7	20.9
P/BV	1.4	1.0	0.9	1.5	1.1	1.0
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%
EV/CE	2.3	1.8	1.8	2.3	2.3	2.2
OpFCF yield	3.4%	-39.9%	5.2%	13.0%	13.1%	11.6%
OpFCF/EV	2.7%	-24.1%	3.1%	10.2%	8.5%	8.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	33.1%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Price** (EUR)	12.05	8.29	7.77	11.81	9.50	9.50
Outstanding number of shares for main stock	5.4	5.4	5.4	6.0	6.0	6.0
Total Market Cap	66	45	42	71	57	57
Net Debt	14	28	28	18	30	23
<i>o/w Cash & Marketable Securities (-)</i>	<i>-5</i>	<i>-3</i>	<i>-1</i>	<i>-10</i>	<i>-22</i>	<i>-27</i>
<i>o/w Gross Debt (+)</i>	<i>18</i>	<i>31</i>	<i>28</i>	<i>28</i>	<i>52</i>	<i>50</i>
Other EV components	1	1	1	1	1	1
Enterprise Value (EV adj.)	81	75	71	90	87	81

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Alternative Energy/Renewable Energy Equipment

Company Description: The company was founded in 1946 and went public in 2007. Daldrup today is a specialist supplier in geothermal drilling activities for near-surface and deep geothermal projects. It covers the full added-value chain from first feasibility studies to energy contracting electric power and heat. With its long-lasting expertise the group will continue its strategic shift and stay to be a specialist geothermal drilling project company and add mid-sized energy supply.



Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLISCHAG	Sen	66.00	Buy		Manz AG	Rüzgar	37.00	Neutral	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	MAXAutomation AG	Becker	9.40	Buy	2/3
Aareal Bank	Häßler	42.00	Neutral		Merck	Miemietz	112.00	Buy	
adidas	Josefson	228.00	Accumulate		Merkur Bank	Häßler	10.00	Buy	2/7
Adler Modemaerkte	Josefson	6.35	Buy	7	Metro AG	Bruns	17.00	Buy	2
ADLER Real Estate	Mayer	18.00	Buy		MLP	Häßler	7.50	Buy	2/3
Aixtron	Sen	11.60	Accumulate	2/3	MTU Aero Engines	Rüzgar	130.00	Reduce	2
Allianz	Häßler	200.00	Neutral		Munich Re	Häßler	210.00	Accumulate	
Axel Springer	Josefson	67.00	Accumulate		Nemet schek SE	Mildner	47.00	Reduce	5
Bayer	Miemietz	118.00	Buy		Norma Group	Schuldt	62.00	Neutral	
Baywa	Bruns	33.00	Buy	2/7	OHB SE	Rüzgar	40.00	Neutral	7
BB Biotech	Miemietz	73.00	Buy	7	OVH Holding AG	Häßler	20.00	Neutral	2/5/7
Biotest	Miemietz	25.00	Neutral	2/3	Patrizia	Mayer	18.00	Neutral	
BMW	Schuldt	95.00	Buy		Pfeiffer Vacuum	Sen	162.00	Buy	5
Brenntag	Hinkel	59.80	Buy	2	Procredit Holding	Häßler	15.00	Buy	2/3/5
Ceconomy AG	Bruns	8.00	Neutral		PSISOFTWAREAG	Mildner	20.00	Buy	2/3
comdirect	Häßler	11.20	Neutral		Puma	Josefson	565.00	Buy	
Commerzbank	Häßler	13.00	Neutral		PWO	Schuldt	52.00	Buy	2/3
Continental	Schuldt	270.00	Buy		Rheinmetall	Rüzgar	118.00	Neutral	
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	RIB Software	Mildner	25.00	Buy	2/3
CTS Eventim	Heilmann	39.50	Neutral		RTL Group	Josefson	72.00	Accumulate	
Daimler AG	Schuldt	71.00	Buy		S&TAG	Sen	27.00	Buy	2/3
Daldrup & Soehne	Becker	13.50	Buy	2/3/5	SAF-Holland	Schuldt	17.00	Neutral	
Demire	Mayer	4.55	Buy	2/5	Schaeffler	Tanzer	14.30	Buy	
Deutsche Bank	Häßler	14.00	Buy		Schaltbau Holding AG	Becker	32.70	Buy	2/7
Deutsche EuroShop	Mayer	30.00	Neutral		SCOUT24	Heilmann	31.00	Reduce	2
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		Siegfried Holding AG	Miemietz	338.00	Neutral	7
Deutsche Telekom	Sen	13.30	Neutral		SiemensHealthineersAG	Rüzgar	39.00	Accumulate	2
Duerr	Augustin	114.00	Buy		SLM Solutions	Sen	24.00	Sell	
DWS	Häßler	34.00	Buy		SMT Scharf AG	Rüzgar	17.50	Neutral	2/3
EringKlinger	Schuldt	7.00	Sell		Software AG	Mildner	30.00	Sell	
elumeo SE	Josefson	10.90	Accumulate		Stabilus	Tanzer	91.00	Buy	
Epigenomics AG	Miemietz	3.70	Buy	2/3	Suedzucker	Bruns	12.00	Sell	
Euro micron AG	Becker	11.40	Buy	2/3/5	SuessMicroTec	Sen	13.80	Accumulate	2/3
Evonik	Hinkel	39.00	Buy		Surteco	Mildner	30.50	Buy	2/3
Eyemaxx Real Estate	Mayer	16.00	Buy	2/5/7	Symrise AG	Hinkel	67.00	Neutral	
Ferrat um	Häßler	29.00	Buy		Syzygy AG	Heilmann	11.50	Accumulate	2/3
Fielmann	Heilmann	70.00	Neutral		TAKKTAG	Bruns	18.50	Neutral	2
First Sensor AG	Becker	27.00	Accumulate	7	Talanx Group	Häßler	40.00	Accumulate	
Freenet	Sen	36.00	Buy	2	Technotrans	Becker	45.20	Accumulate	2/3
FuchsPetrolub	Hinkel	48.00	Neutral		TELECOLUMBUS	Sen	9.70	Buy	
Gea Group	Augustin	33.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerresheimer AG	Rüzgar	69.00	Neutral		United Internet	Sen	63.00	Buy	
Gerry Weber	Josefson	5.75	Reduce		Vapiano	Bruns	26.50	Buy	2/7
Gesco	Becker	34.20	Accumulate	2/3	va-Q-tec	Sen	17.00	Neutral	2/3
GFT Technologies	Mildner	15.50	Buy	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Volkswagen	Schuldt	162.00	Neutral	
Grenke	Häßler	90.00	Neutral		Wacker Neuson SE	Becker	27.20	Neutral	
Hannover Re	Häßler	110.00	Neutral		windeln.de	Josefson	3.10	Buy	2
Heidelberg Pharma	Miemietz	3.50	Accumulate	2/3	XINGSE	Heilmann	305.00	Buy	
Heidelberger Druck	Augustin	3.60	Buy		Zalando	Josefson	44.50	Neutral	
HELLA GmbH & Co. KGaA	Tanzer	57.00	Accumulate						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	81.00	Buy						
Hypoport AG	Häßler	176.00	Accumulate	2/7					
INDUS Holding AG	Becker	64.50	Neutral						
Intershop Communications AG	Mildner	1.85	Accumulate	2/7					
K+S AG	Hinkel	24.40	Neutral						
Koenig & Bauer	Augustin	72.00	Neutral						
Krones AG	Augustin	123.00	Accumulate						
KWSSAAT	Hinkel	348.00	Buy						
Lanxess	Hinkel	83.00	Buy						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	176.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3					

* =Coverage suspended

Source: equinet Recommendations





Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

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Remarks

Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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Recommendation history for DALDRUP & SOEHNE

Date	Recommendation	Target price	Price at change date
08. Mrz 18	Buy	14.50	12.20
19. Jun 17	Buy	10.10	8.10
08. Feb 17	Buy	9.50	8.30

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Winfried Becker (since 11/01/2017)





ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

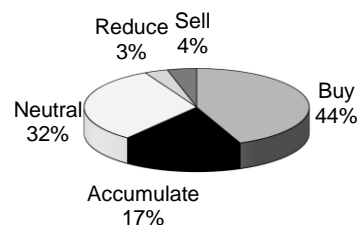
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

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- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: 28 June 2018: 17:32 CET

First date and time of dissemination: 28 June 2018: 17:37 CET

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